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C O N F I D E N T I A L SECTION 01 OF 03 LONDON 002860

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TAGS: [ECON](#) [ENV](#) [UK](#)

1. (C/NF) Summary: Coordinated stimulus measures to jump-start economies should be a main outcome of the G20 meeting, several prominent econon
2. (SBU) On November 12th, the Ambassador hosted an off-the-record luncheon with several of the UK's top economists and economic observers: F
What the Summit Needs to Achieve -----
3. (C/NF) Consumer markets are paralyzed; spending has stalled. The immediate response must be to re-inflate economies by providing direct cre
4. (C/NF) The Summit should also lay the foundation for more radical reforms, they said. While the participants disagreed whether new institu
The Causes -----
5. (C/NF) The rapid expansion of the credit market of the past decade - in the form of mortgages, consumer credit, etc - was the primary cause
6. (C/NF) While a slowdown was inevitable, a meltdown might not have been, said Green. However, the decision to not bail-out Lehman Bros acce
China - The Power Broker -----
7. (C/NF) Another contributing factor that has not garnered much attention is the role played by China. Its use of its surplus helped drive th
8. (C/NF) China also holds a key to economic recovery. It can use its nearly \$2 trillion in reserves to stimulate its economy (as in its fisc
9. (C/NF) The Chinese are not the only ones who will demand a greater say in new financial rules and architecture. The November 15th Summit wi
Comment -----
10. (C/NF) The economists were universally multi-lateral in their beliefs, and argued quite convincingly that no government can solve the prot
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